

108TH CONGRESS  
1ST SESSION

# S. 477

To amend the Internal Revenue Code of 1986 to disallow deductions and credits for companies who discriminate against Canadian pharmacies that pass along discounts to consumers living in the United States.

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## IN THE SENATE OF THE UNITED STATES

FEBRUARY 27, 2003

Mr. FEINGOLD (for himself, Mr. LEAHY, and Mr. DAYTON) introduced the following bill; which was read twice and referred to the Committee on Finance

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## A BILL

To amend the Internal Revenue Code of 1986 to disallow deductions and credits for companies who discriminate against Canadian pharmacies that pass along discounts to consumers living in the United States.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Preserving Prescrip-  
5       tion Drug Discounts Act”.

1 **SEC. 2. DISALLOWANCE OF CERTAIN TAX DEDUCTIONS AND**  
 2 **CREDITS FOR TAXPAYERS WHO DISCRIMI-**  
 3 **NATE AGAINST CERTAIN PHARMACIES SELL-**  
 4 **ING DISCOUNT PRESCRIPTIONS DRUGS TO**  
 5 **CONSUMERS LIVING IN THE UNITED STATES.**

6 (a) IN GENERAL.—Part IX of subchapter B of chap-  
 7 ter 1 of the Internal Revenue Code of 1986 (relating to  
 8 items not deductible) is amended by adding at the end  
 9 the following:

10 **“SEC. 280I. DISALLOWANCE OF DEDUCTIONS AND CREDITS**  
 11 **FOR TAXPAYERS WHO DISCRIMINATE**  
 12 **AGAINST CERTAIN PHARMACIES.**

13 “(a) IN GENERAL.—No deduction or credit shall be  
 14 allowed for any expenditure relating to research and devel-  
 15 opment during the taxable year for any taxpayer who dis-  
 16 criminate against a qualified pharmacy in the sale of pre-  
 17 scription drugs.

18 “(b) QUALIFIED PHARMACY.—For purposes of this  
 19 section, the term ‘qualified pharmacy’ means any phar-  
 20 macy located in Canada which sells prescription drugs to  
 21 consumers living in the United States.

22 “(c) DISCRIMINATION.—For purposes of this section,  
 23 the term ‘discriminate’ means to publicly, privately, or  
 24 otherwise refuse to do business with a person on the basis  
 25 that the person will pass along discounts offered to the  
 26 person to consumers living in the United States.”.

1       (b) CONFORMING AMENDMENT.—The table of sec-  
2 tions for such part IX is amended by adding at the end  
3 the following:

“Sec. 280I. Disallowance of deductions and credits for taxpayers who dis-  
criminate against certain pharmacies.”.

4       (c) EFFECTIVE DATE.—The amendments made by  
5 this section shall apply to amounts paid or incurred after  
6 the date of the enactment of this Act.

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